



**SB1050 SD2  
RELATING TO ENERGY**

House Committee on Energy & Environmental Protection

March 17, 2015

8:30 a.m.

Room 325

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB1050 SD2, which establishes a community-based renewable energy framework, thereby expanding who can participate in the economic and environmental benefits associated with renewable energy.

**By expanding who can participate in renewable energy generation projects, this bill will provide opportunities for more people to benefit from renewable energy related cost savings.** Currently, many households and businesses in Hawai'i are unable to benefit from the long-term cost savings associated with renewable energy. In some cases, the upfront costs are prohibitive, while in other cases, people may not own their own homes or business locations, or may live in condominiums. Native Hawaiians are less likely to be able to afford up-front costs of participating in and benefiting from the current renewable energy given that Native Hawaiian families earn \$9,105 lower per-capita income than the state average. This is despite Native Hawaiians higher labor force participation rate (Native Hawaiians rate is 4.5% higher than the statewide rate).

The framework established by SB1050 SD2 will also provide more of Hawai'i's residents, including Native Hawaiians, with the opportunity to help Hawai'i meet its clean energy goals, and reduce its dependence on imported fossil fuels. By adopting the targets of the Aloha+ Challenge, the state, including OHA, has committed to achieving the use of clean energy for 70% of our islands' energy needs by 2030. The principles underlying the Aloha+ Challenge support a renewed commitment to the sustainability practiced by our ancestors, and are perpetuated today through the traditional concept of mālama 'āina. The Aloha+ Challenge is embodied in the Hawaiian saying: "E mālama i ka 'āina i mohala i nā kānaka o ke kulāiwi" (When one cares and perpetuates and preserves the natural resources, the people shall thrive).

Mahalo for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

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## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**LUIS P. SALAVERIA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**  
Tuesday, March 17, 2015  
8:30 a.m.  
State Capitol, Conference Room 325  
in consideration of  
**SB 1050, SD 2**  
**RELATING TO ENERGY.**

Chair Lee, Vice Chair Lowen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent of SB 1050, SD 2, which requires the Public Utilities Commission (PUC) to establish a community-based renewable energy tariff or tariffs upon application by an electric utility or upon its own motion.

DBEDT views the concept of a community-based renewable energy tariff as an attractive option for increasing the penetration of renewable energy on Hawaii's electric grids in a reliable, cost-effective and equitable manner. By allowing utility customers to obtain partial interests in renewable projects that can be sited in optimal locations, and then crediting those customers for the energy provided to the grid on their utility bills, a community-based renewable energy tariff creates an efficient mechanism for broadening and deepening the multi-faceted benefits of clean energy to Hawaii's residents. Moreover, we view the potential use of financing from the Green Energy Market Securitization (GEMS) program, coupled with the community-based renewable energy tariff, as a great option to expand access to under-served market segments.

DBEDT is currently working with the PUC, as well as other stakeholders, to develop amendments and suggested language designed to ensure the most viable and sustainable community renewable energy program. We look forward to briefing the members of this committee on these efforts, and providing joint amendments as soon as they are available.

Thank you for the opportunity to offer these comments on SB 1050, SD 2.



DAVID Y. IGE  
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TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

TUESDAY, MARCH 17, 2015  
8:30 a.m.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE CHRIS LEE, CHAIR,  
AND MEMBERS OF THE COMMITTEE

SENATE BILL NO. 1050, S.D. 2 - RELATING TO ENERGY

**DESCRIPTION:**

This measure proposes to establish the community-based renewable energy program, which allows the Public Utilities Commission ("PUC") to establish a tariff that allows all electric utility customers to obtain an interest in a portion of an eligible renewable energy project that is providing electricity to the electric utility and receive compensation for the energy provided to the electric utility.

**POSITION:**

The Division of Consumer Advocacy supports this bill.

COMMENTS:

Thus far, distributed renewable energy systems, such as solar photovoltaic ("PV") systems, have been largely limited to single-family homeowners. Renters have no incentive to make the capital investment for a PV system that will be owned by a landlord. Furthermore, high-rise apartment owners do not have sufficient roof space to benefit from solar PV. Therefore, a large segment of Hawaii's population has been locked out of the distributed generation market for a number of reasons, including economic reasons even with the new financing and leasing options available for rooftop solar PV systems. A properly designed community-based renewable energy program has the potential to provide significant energy cost-savings to this under-served market. It also opens up access to affordable renewable energy to schools and community organizations that might otherwise be unable to participate in renewable energy self-generation programs.

In establishing the appropriate tariff, the PUC should take the following into consideration:

- There should be no cross-subsidy by non-participants to fund any part of a community-based renewable energy program;
- Participants should receive a per kilowatt-hour credit on their electricity bills based upon the cost of generation;
- Participants should be allowed access to capital through the Department of Business, Economic Development, and Tourism's Green Energy Market Securitization or "GEMS" program; and
- The PUC should have the discretion to revise, modify, or cancel the program, if, at any time, the PUC determines that the program is not in the public's interest.

Therefore, the Consumer Advocate supports this bill that would require the PUC to establish a community-based renewable energy tariff that would take effect no later than January 1, 2016.

Thank you for this opportunity to testify.

TESTIMONY OF RANDY IWASE  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION

March 17, 2015  
8:30 a.m.

**MEASURE:** S.B. No. 1050, S.D.2  
**TITLE:** Relating to Energy

Chair Lee, Vice Chair Lowen, and Members of the Committee:

**DESCRIPTION:**

This measure would add a new section to Chapter 269, Hawaii Revised Statutes ("HRS"), to explicitly authorize the Public Utilities Commission ("Commission") to establish community based renewable energy tariffs by which customers who have invested in renewable energy generation facilities are allowed to receive compensation from the utility for electricity produced by those facilities.

**POSITION:**

The Commission supports the intent of a tariff structure to enable new energy programs and offers the following comments for the Committee's consideration.

**COMMENTS:**

The Commission views the intent of this measure as consistent with the principles articulated in the Commission's white paper entitled, *Commission's Inclinations on the Future of Hawaii's Electric Utilities*. A properly implemented community based renewable energy tariff has the ability to increase renewable energy generation while improving customers' options to manage energy use. The Commission notes that a properly implemented community based renewable energy tariff should ensure that the program is equitable to all ratepayers and that any new generation resources proposed under such a program maximize the use of cost-effective renewable resources. Further, the Commission notes that the discretion to revise and modify the parameters of the program should be left to the Commission so that appropriate adjustments can be made to ensure that the program remains in the public interest.

The Commission is currently collaborating with DBEDT to develop proposed amendments to this measure that we feel will allow a flexible and viable community based renewable energy program going forward.

Thank you for the opportunity to testify on this measure.



## **HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

(Testimony is 10 pages long)

### **TESTIMONY IN STRONG SUPPORT OF SB 1050**

Chair Lee, Vice-Chair Lowen, and members of the Committee:

The Blue Planet Foundation strongly supports SB 1050, establishing a community renewables program to expand the number of Hawai'i residents who can participate in the benefits of clean energy. This measure would allow residents to obtain a beneficial interest in solar and wind energy systems—even if those systems are not sited on their property.

SB 1050 makes renewable energy accessible for many Hawai'i residents, businesses, and agencies who cannot currently take advantage of energy cost savings available from solutions like rooftop solar photovoltaic energy. Community-based renewable energy boosts private investment in our green energy infrastructure while it maximizes the flexibility of our clean energy solutions. In doing so, it benefits all Hawai'i residents by reducing the amount of money we send out of the state to pay for imported fossil fuels.

To ensure that SB 1050 successfully delivers clean energy access, it must retain three key features. First, SB 1050 should enable anyone (community, renewable developer, land or building owner, etc.) to propose a community renewables project, subject to technical interconnection rules. The program should not be limited to traditional, utility-scale projects individually negotiated with the electric utility. To allow community-scale projects, the process should be streamlined with standardized rules for interconnection and applicable rates. A streamlined process will truly enable the democratization of our renewable energy resources. Second, the measure should directly establish a program and a timeline, to ensure that consumers are able to benefit from community renewables in the near term. Finally, the bill should not preclude an electric utility from developing and implementing their own community renewables program—it should simply establish a framework for others to develop projects and broaden the competitive renewable landscape.

Public interest in this type of democratized community renewables program is rising. In recent days, the Honolulu Star-Advertiser has expressed a similar view: "Whichever vehicle [HB 484

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or SB 1050] moves, it must allow these relatively small-scale projects to be developed by private individuals and groups, as well as by the power utility.”<sup>1</sup>

For these reasons, and the reasons outlined below, Blue Planet Foundation strongly supports SB 1050.

We note particular support for the language included in SB 1050 that empowers the PUC to consider appropriate mechanisms to balance the interests of participating and non-participating ratepayers. As further described below, language currently in the House companion<sup>2</sup> bill: (i) is overly restrictive, (ii) would create barriers for Community Renewables programs designed to benefit lower-income ratepayers, and (iii) is inconsistent with the entirety of the existing utility rate structure. **We urge the Committee *not* to replace the “cross-subsidy” language in SB 1050 SD 2 with the language in HB 484 HD2.**

## **Our current system leaves many Hawai‘i households, businesses, and public agencies unable to directly participate in renewable energy**

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Many residents and businesses have been used solar power and other technologies to break free from energy costs being driven upward by fossil fuels. Unfortunately, many individuals and households are currently unable to directly participate in renewable energy because of their location, building type, access to the electric utility grid, or other impediments. For example, (a) it may be difficult for a single condominium owner to install solar panels, without a wider installation on behalf of the entire condominium; (b) it may be difficult for homeowners with shaded roofs to harness as much of the sun’s energy as their neighbors; or (c) a homeowner may find that the utility is limiting the amount of energy from the homeowner’s particular circuit.

All of these situations can be addressed with community-based renewable energy.

## **Community Renewables unlocks clean energy solutions, improves our economy, and benefits our electrical grid**

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Community Renewables allows residents to join together to find energy solutions. For example, several condominium owners in different buildings may collectively install solar panels in another location with spare rooftop capacity. Even larger communities can join together to install renewable energy in ways that are most effective and efficient for their particular community. Or

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<sup>1</sup> Honolulu Star-Advertiser, *State should seek ambitious energy goals*, March 15, 2015.

<sup>2</sup> HB 484 HD 2, Section 2: “(b) In establishing the community-based renewable energy tariff or tariffs, the commission shall ensure that there shall be no cross-subsidy by or shifting of costs to non-participants to fund any part of the community-based renewable energy program.”



public agencies, such as schools, colleges, universities, and local governments will have more flexibility to access renewable energy across their systems. The cost savings can benefit important educational programs, social services, and new hiring.

Community Renewables can also help make our energy system more robust, by evening out the distribution of renewable energy on the grid. For example, homeowners on a crowded circuit can install solar panels on another circuit, and receive the credit against their energy bill. By promoting renewable energy on under-utilized circuits, it can help the utility to operate our electrical system more effectively and efficiently. In addition to these benefits, group net metering creates new construction jobs, stimulates the economy, reduces emissions of greenhouse gases, promotes energy independence, and will assist in meeting and exceeding the state's clean energy goals.

Community Renewables can also empower new energy innovations. For example, a community electric vehicle charger could participate in the program, tying charging to the availability of 100% renewable energy generated elsewhere on the grid. The program can also become a catalyst for smart energy pricing, where the value of renewable energy changes as supply and demand change on the grid throughout the course of a day.

## **Ensuring Fairness for All Utility Customers**

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The promise of Community Renewables is that, if scaled up appropriately, it can provide fair access to clean power for all consumers. But this promise will only be realized if the program (i) promotes broad participation by many customers, (ii) invites innovation and competition from members of the community and clean energy companies, (iii) grows beyond the confines of the traditional utility business model, and (iii) takes a forward-looking view on how to value clean energy. A program that is too utility-centric would risk closing the door on competition from innovative and entrepreneurial solutions. A program limited to large utility-scale energy projects, each subject to individualized negotiation with the utility, and each potentially limited by a traditional utility business model, will struggle to achieve the promise of fair access for all. Consumers need a broad, open, program that encourages new innovations and utility business models.

Too often, the concept of “fairness” is shifted away from focusing on fair access for all consumers, and instead becomes about protecting utility revenues under the traditional business model. Many assume that large “cost shifts” from solar energy customers to non-solar energy customers are inevitable, even though Hawai'i does not yet have the benefit of an accounting that addresses all the costs and benefits of solar power. Hawai'i has not yet implemented a dynamic rate structure that would comprehensively capture all costs and benefits as they change over time, or that would encourage new utility revenue streams for promoting

distributed power. Thus, public dialogue is narrowly focused on the utility's "lost revenues" rather than a comprehensive view of costs, benefits, and access for all consumers.<sup>3</sup>

The myth of a solar "cost shift" also ignores the fundamental fact that the regulated monopoly utility is built on "cross-subsidies" between customers. A regulated utility is intended to ensure that all customers receive equal access to power. But the cost of providing that power is not the same for all customers.

For example, the regulated utility rate structure does not charge rural residents more, even though the fixed costs of delivering energy a longer distance may be higher than in settings with higher population density.

In another example, the regulated utility rate structure allows commercial customers to pay lower rates than residential customers, while invoking a capacity charge or other mechanism. In contrast, residential customers pay higher rates but do not typically see differentiation based on their capacity demand. Thus, it is inevitable that some residential customers are providing a cross-subsidy to other residential customers. It is likely that commercial customers are providing a cross-subsidy to residential customers, or vice-versa.

**And most-importantly, it is bad energy policy to zealously slam the door on "cross-subsidies" because it may be desirable to provide a cross-subsidy for low-income ratepayers.** The cross-subsidy language inserted into companion bill HB 484 HD2 is too broad; it would prohibit this outcome in favor of low-income ratepayers.

In light of these important issues, consumers need more than a "fairness" sound bite. For these reasons, we strongly urge the committees to forward the bill without the "cross-subsidy" amendment in HB 484.

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<sup>3</sup> In testimony on companion bill HB 484, the HECO Companies testified that "[a]s of December 2014, the annualized total fixed cost shift was \$53MM." It is unclear whether this "total fixed cost-shift" accounts for many benefits of distributed solar energy, such as reduced transmission losses, forfeited customer energy credits, reduced utility capital expenditures on renewable generation, or other potentially substantial benefits for participants and non-participants alike. Nor does it account for benefits that many ratepayers value, such as consumer choice and protecting our environment. A focus on lost utility revenues, rather than a total accounting of costs and benefits, cannot capture the state's energy policies. For example, if the HECO Companies analysis was applied to energy efficiency (which is functionally the same as solar generation that is used on-site at the same time it is generated) the utility might argue that efficiency is not "fair for ALL consumers." Plainly, energy policy favors efficiency. Just as energy policy favors clean energy.

## Problematic Amendments Proposed by the Hawaiian Electric Companies

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In testimony submitted to the Senate Committee on Ways & Means, The Hawaiian Electric Companies proposed several changes to SB 1050. For the following reasons, we urge the Committee to reject these proposed changes:

- **HECO proposed changes (“page 3 lines 12-21 and Page 4 lines 1-3”) would disfavor lower-income ratepayers:** The HECO Companies are lobbying in favor of the “no cross-subsidy” language in HB 484. As explained above, the “unintended consequence” of this language would be to make it impossible for Community Renewables to include special programs to benefit lower-income ratepayers. Moreover, this language is inconsistent with entire existing utility rate structure. The change proposed by HECO is poor policy, and should not be adopted. HECO also suggests that SB 1050’s non-exclusive list of potential mechanisms for balancing the interests of participants and non-participants should not be adopted because those mechanisms should purportedly be addressed in a rate case. This legislation, if passed, will govern all future rate cases. Thus, HECO’s argument actually favors the current language. The existing language in SB 1050 is preferable because it empowers the PUC to approve forward-thinking solutions.
- **HECO’s proposed changes (“page 4 lines 4-10” and “15-17”) would favor utility-scale projects over community-scale projects:** HECO is lobbying against a standardized and streamlined process for approving and interconnecting small Community Renewables projects. The result of eliminating a standardized process would be to make the program favor large-scale utility-centric projects over community scale projects. Fair access demands a streamlined process that favors customers and promotes the transactional feasibility of smaller projects. *The existing language in SB 1050 is preferable because it empowers the PUC to prescribe standardized and streamlined processes for community-scale projects.*
- **HECO’s proposed changes (“page 5 lines 1-5”) would impose a vague and conflicting cost-effective standard.** The language proposed by HECO would only allow Community Renewables projects to go forward if those projects allow the utility “to procure the most cost-effective renewable energy to benefit all customers.” Although at first blush this standard seems favorable, the legislature has already issued a measured and rational cost-effectiveness mandate. H.R.S. § 269-6(b) states:

“In making determinations of the reasonableness of the costs of utility system capital improvements and operations, the commission shall explicitly consider, quantitatively or qualitatively, the effect of the State's reliance on fossil fuels on price volatility, export of funds for fuel imports, fuel supply reliability risk, and greenhouse gas emissions. The commission may determine that short-term costs or direct costs that are higher than alternatives relying more heavily on fossil fuels are reasonable, considering the impacts resulting from the use of fossil fuels.”

The standard proposed by HECO's amendments would conflict with this existing legislative mandate. HECO's amendment would also impose an inflexible constraint on the PUC and Community Renewables customers, limiting the availability of the program even in the face of customer demand. The proposed language also incorrectly assumes that the utility would "procure" all energy generated by Community Renewables projects; but SB 1050 contemplates that the utility's role could be to receive compensation in exchange for managing and transmitting the energy, rather than "procuring" it. *The existing draft is preferable because it allows the PUC to evaluate cost effectiveness under clear existing guidelines.*

Community Renewables is an innovative solution that is already happening in at least ten other states, such as California, Colorado, Massachusetts, Washington, Maryland, and Maine.<sup>4</sup> California calls it "shared renewables." Colorado and Minnesota call them "community solar gardens." Massachusetts calls it "neighborhood" metering. Washington D.C. calls it "community renewables." Under any name, this is a good idea, urgently needed in Hawaii.

We respectfully request that SB 1050 be forwarded for further consideration. Thank you for the opportunity to testify.

*The following pages contain an "FAQ" on community renewables, an article from Pacific Business News, an and an editorial from the Honolulu Star-Advertiser.*

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<sup>4</sup> The U.S. Dep't of Energy's National Renewable Energy Laboratory has reported on elements of these programs, <http://www.nrel.gov/docs/fy11osti/49930.pdf>.

## Community-based renewable energy FAQ

### ***Q: Why is community renewables necessary?***

A: While solar has been an incredible success story in Hawai'i, the majority of residents simply cannot directly participate in renewable energy because of their lack of access to a suitable rooftop for solar, such as many of the 40% of residents who live in multi-unit housing such as condos, or those whose roofs are shaded or otherwise incapable of supporting solar. Community-based renewable energy allows residents to invest in and benefit from solar and wind energy systems—even if those systems weren't directly on their property. It's a matter of fairness and equality. Everyone should be able to participate in Hawai'i's clean energy future, not just those fortunate enough to have a big roof over their heads.

### ***Q: What are the benefits of community renewables?***

Aside from making Hawai'i's clean energy policies more equitable, community renewables can bring real economic value to those who need it the most. Under California's Multifamily Affordable Solar Housing program (established in 2008, with at least 7 MW installed, and 13 MW signed up), community renewables is estimated to save low-income households 30% on their electric bills.

### ***Q: Is anyone else doing community renewables?***

A: Yes, as of November 2010, utilities, public utility commissions, and communities in California, Florida, Arizona, Utah, Colorado, Washington, Vermont, Massachusetts, Maryland, and Maine had all taken steps to adopt innovative community renewables programs. According a report by the U.S. Dep't of Energy National Renewable Energy Laboratory (NREL), the Interstate Renewable Energy Council (IREC) examined “the various community solar approaches that have been implemented thus far,” to develop “model” rules for community based renewable energy programs. These model rules could be used to develop a program for Hawai'i.

### ***Q: Aren't there other approaches to solve the same problem of lack of access to renewable energy?***

A: Yes, there are, such as the potential for a utility-sponsored “green pricing” program. But this is not available in Hawai'i and there are no current plans to make such a program available. Moreover, a community-based renewable energy program would empower residents to take control of their energy situation with their own resources, leveraging the efficiency of efficiency of the market.

OUR VIEW

## *Solar gardens can make everyone a winner*



A proven technology that is gaining popularity on the Mainland deserves some serious consideration here in Hawaii,

where the sun is part of our brand identity.

The concept is especially important on Oahu as we grow upward with high-rise condominium towers that offer their residents few options for renewable energy.

We're talking about community solar gardens, which enable businesses and residents to invest in renewable energy by subscribing to a solar electric array that is connected to the utility grid. Subscribers will then receive a credit on their electric bills.

Solar energy has been one of Hawaii's fastest-growing industries during the past decade, helped in large part by federal and state tax credits. Even so, its market penetration is under 10 percent.

One of the problems is that approximately 40 percent of Hawaii residents live in multifamily households, many of them without enough roof space to accommodate renewable-energy equipment. There also are economic barriers in rental units where tenants would reap the benefits while landlords pay for the equipment.

Community solar gardens would remove some of those barriers.

The Blue Planet Foundation, which introduced legislation last year, calls it a win-win-win proposition.

"Households everywhere can win by accessing affordable clean energy," the foundation says. "The utility wins by adding another tool to solve energy-interconnection questions. And businesses win because they can access a market that has long been cut off."

Hawaiian Electric Co. also likes the concept, according to spokesman Peter Rosegg.

"We are looking for a model for customers who want to invest in and benefit from solar PV but do not have the opportunity because they are high-rise residents, home renters or other reasons," he said. "The model should also offer potential lower-cost renewable energy and economic benefits for all our customers, not just those investing in community solar or single-family homeowners who can benefit from solar on their own roofs."

As one would expect, solar contractors also think it's a great idea. It would mean more business for them and expand solar's reach.

So, what's stopping us?

The Blue Planet Foundation's House Bill 1363 attracted some attention in the 2013 Legislature, but it was one of those complicated issues whose "time had not yet come." The foundation will submit a new draft this session.

We think the time has come to give community solar gardens serious attention. In our bid to rely more on renewable energy and less on fossil fuels, here's a concept that holds promise to move us in the right direction.



## State should seek ambitious energy goals - Hawaii News - Honolulu Star-Advertiser

StarAdvertiser.com

### State should seek ambitious energy goals

POSTED: 01:30 a.m. HST, Mar 15, 2015

LAST UPDATED: 04:38 a.m. HST, Mar 15, 2015

The concept of moving the goalposts isn't always a dodge of responsibilities. In the case of renewable energy, it's an acknowledgement that Hawaii can be more ambitious about producing its own clean energy, becoming more secure and economically stronger.

The Legislature and the state Public Utilities Commission are facing decision points concerning energy policy, all aimed at positioning Hawaii optimally to make the best use of its renewable energy riches.

The PUC has correctly resolved to decide on four outstanding dockets that would govern the utility's business approach toward expanding the penetration of clean energy on the power grid. These decisions — which would determine how customers are charged, how more rooftop solar can be deployed and other factors — are likely to take a year to 18 months, officials have said.

The onus is on state lawmakers to act before the PUC in authorizing the next set of goals. Ideally, the new aim would take Hawaii off imported fossil fuels entirely, as soon as it's possible without busting household budgets.

And action by legislators as well as the regulatory agency is essential in advance of any final deal by the Florida-based NextEra Inc. to merge with Hawaiian Electric Industries, as is being proposed. The expectations the state has for its electric utilities should be known to the principal players, both current and prospective.

At issue at the state Capitol are a few bills of interest, all of which deserve serious consideration and debate:

» **House Bill 623, House Draft 2**, is the proposal that has passed the House; the Senate Energy Committee has slated a hearing for 2:45 p.m. Tuesday in conference room 225.

This bill would update the Hawaii Clean Energy Initiative to achieve a state energy portfolio of 100 percent renewable energy by 2045. The original initiative goal included a 70 percent clean-energy benchmark, which by 2030 would be achieved through conservation and substitution of renewables for the fossil fuels that now dominate.

A similar bill, **Senate Bill 715, Senate Draft 2**, would push back the deadline to 2050; it has not been scheduled for a hearing.

» **HB 484, HD 2**, and its companion bill **SB 1050, SD 2**, would require the PUC to establish a "community-based renewable energy tariff" system, a means of allowing people who lack the means or opportunity to install their own photovoltaic panels to buy into a larger project and reap some of the energy savings solar PV systems enable.

Whichever vehicle moves, it must allow these relatively small-scale projects to be developed by private individuals and groups, as well as by the power utility.

» **HB 1504, HD 2**, would provide funds and direct the Legislative Reference Bureau to do a comparative study of various utility models, including those that are owned cooperatively or in the public sector.

It would also impose a cap on interconnection costs that the utility could recover through a surcharge. These are the expenses associated with connecting external electricity generators to its grid. The cap would be based on national averages.

The primary accelerator for all of this would be the 100 percent clean-energy legislation. Judging by the meteoric rate of adoption of clean energy in recent years, this goal should be more than aspirational. It should be within reach.

However, the utility is bound to act in the interest of ratepayers, so it's essential that enabling legislation have an "out clause" to keep costs manageable, meaning the costs that are passed through to ratepayers. Technology developments over time should present more affordable consumer options, and it's important that the PUC has the discretion to make adjustments to the goals.

Fortunately, both bills currently offer some needed flexibility. Allowances in the current law already are made for circumstances beyond the utility's control; added to the list of circumstances would be the inability to garner enough renewable electrical energy to meet benchmarks "in a manner that is beneficial to Hawaii's economy in relation to comparable fossil fuel resources."

By almost every measure, getting Hawaii off imported fuel makes sense. It would reduce our carbon footprint at a time when concern about climate change is skyrocketing. It would keep more money in the local economy, as well. And if customers are ensured enough competition and choice, it gives ratepayers more control over their household budgets.

NextEra is positioned to become the dominant force in Hawaii's market, and it certainly has the capacity to increase green-energy generation. Additionally, the company can make liquefied natural gas potentially cheaper as a "bridge" fuel in the near term.

But before NextEra comes to town, decision makers must act promptly to set the renewable-energy bar where it should be: 100 percent.

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**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

Before House Committee on Energy and Environmental Protection  
Tuesday, March 17, 2015, 8:30 a.m., Room 325  
SB 1050 SB 2: Relating to Energy

Aloha Chair Lee, Vice Chair Lowen, and members of the Committee,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify in support for SB 1050 SD 2, which establishes a community-based renewable energy program. HSEA is a non-profit trade organization that has been advocating for solar energy since 1977, with an emphasis on both solar hot water (SHW) and residential and small commercial distributed generation (PV). We currently represent 90 member companies, which employ thousands of local employees working in the solar industry. With 38 years of advocacy behind us, HSEA's goal is to work for a sustainable energy future for all of Hawaii.

Interest in renewable energy has grown exponentially but not all can directly benefit

The installation of rooftop PV has grown significantly since 2008, and Hawaii now boasts over 40,000 residential PV systems. However, not all residential customers can take advantage of having some or all of their power being generated from renewable energy for a variety of reasons. SB 1050 SD 2 would address this issue by making it possible for apartment dwellers and others to invest in renewable energy and pay for it directly through a community solar tariff on the electric bill, thus enabling more customers to invest in sustainable renewable energy and to benefit from a hedge against rising electric bills.

SB 1050 SD 2 would allow the utility or any third party to propose, own, or operate a community based project

SB 1050 SD 2 also has the advantage of allowing either the utility or any third party to propose, own, or operate a community based project and still make use of the community solar tariff created by this legislation. This means that the power to create a community solar project would not rest solely with the utility, and this provision might even the playing field when it comes to project development and approval. This provision is in alignment with the PUC's inclinations in which the PUC states that the utility should move more in the direction of a wires company and leave development and generation to third parties.

Interconnection procedures stay in place and systems above 1 MW subject to PUC approval

SB 1050 SD 2 also expressly states that interconnection procedures would stay in place and that any projects above 1 MW would only be built subject to PUC approval. This ensures that community solar projects would not be afforded interconnection protocol different from other renewable energy projects currently waiting in queue. Getting a project interconnected is no easy task, and it is important to ensure that a fair interconnection process stays in place. HSEA would also like to see that community solar projects are developed such that site selection does not subsequently preclude roof top customers from installing systems whenever possible.

HSEA has always advocated for maximizing all of our renewable energy resources, and the development of a community solar program would be a welcome step to diversifying our renewable portfolio.

Thank you for the opportunity to testify

Leslie Cole-Brooks, Executive Director HSEA



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
Tuesday, March 17, 2015 — 8:30 a.m. — Room 325

**Ulupono Initiative Strongly Supports SB 1050 SD 2, Relating to Energy**

Dear Chair Lee, Vice Chair Lowen, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono strongly supports SB 1050 SD 2**, which establishes a community-based renewable energy program, because it aligns with our goal of producing more clean, renewable energy in Hawai'i.

Ulupono would like to keep the current language in SB 1050 SD 2 regarding cross-subsidy mitigation techniques (page 3, line 6 to page 4, line 10). The current language helps to mitigate concerns that solar projects will be tilted towards utility shareholders and is able to identify benefits that will help all ratepayers.

For example, if a community builds a 5 MW solar project for \$20 MM, and if that project reduces the utilities fuel costs, if the loss of revenues to cover the utilities fixed costs exceeded the fuel savings, then the project could be built under Section 269 (b). Without the current language in section 269 (b), the project above could not be built unless the utility did it. The current language allows all ratepayers to benefit and not just utility shareholders. The language would allow the Public Utilities Commission to obtain guidance from the Legislature to address these complex issues, without a prohibition on cross subsidies that can lead to unintended negative consequences.

We believe the intent of the Legislature is to allow all parties, the utility, independent power producers or communities of ratepayers to participate in, and benefit from, the efficiencies that the larger scale of community solar projects.

*Investing in a Sustainable Hawai'i*

As imported fossil fuel prices have become more volatile, clean energy options like solar PV have become more economically attractive. Yet, to participate in the benefits of solar PV, a resident would need to have access to a roof with direct sunlight, access to the utility's grid, and be located in an area on the grid that can incorporate intermittent renewable energy. This leaves out many from participating, including renters and apartment dwellers. This bill creates a structure that would allow increased participation by residents and eventually maximize solar energy production throughout the grid.

Through increased renewable energy production, the State can be in a better position to meet its clean energy goals and obtain energy self-sufficiency. Community solar will stimulate the economy and create new jobs including many in the construction industry. Furthermore, solar PV is often the most recognizable clean energy source for the average person. If more people are better able to participate in solar energy production, the more aware they will be about the benefits of clean energy and this could create a more informed and supportive general public toward clean energy policies overall. This bill also allows the utility to obtain cost recovery for the transmission of electricity through its grid infrastructure.

As Hawai'i's energy issues become more complex and challenging, we appreciate this committee's efforts to look at policies that support renewable energy production.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner



Tuesday March 17, 2015

Relating to Senate Bill 1050 Senate Draft 2  
Testifying in Strong Support

Aloha, Chair Lee, Vice-Chair Lowen and Members of the House Committee on Energy and Environmental Protection,

The Democratic Party of Hawaii **supports SB1050 SD2 Relating to Energy**, which establishes the community-based renewable energy program, allowing the Public Utilities Commission to establish a tariff that allows all electric utility customers to obtain an interest in a portion of an eligible renewable energy project that is providing electricity to the electric utility and receive compensation for the energy provided to the electric utility.

Presently, many households and businesses in our islands are unable to enjoy the benefits of renewable energy. Though we believe costs for renewable energy options have been dropping, they are still quite high and unattainable for them. There are also those that may rent their homes or office spaces, or live in condominiums and who do not have any options available to them.

What's more, for those that do have the means to access renewable energy resources, like photovoltaic systems, the ability to install these systems has been hindered by very limited access to the electric grid, only certain neighborhoods are still allowed to do so.

By establishing a mechanism for community-based renewable energy, this bill allows everyone, not just those with right opportunity or financial means, to benefit from renewable energy.

For these reasons, we urge you to act favorably on this bill.

Mahalo for the opportunity to testify,  
The Legislation Committee of the Democratic Party of Hawaii



Testimony before the House  
Committee on Energy & Environmental Protection  
March 17, 2015, 8:30 am  
Conference Room 325  
S.B. 1050 SD2– Relating to Energy

By Keiki-Pua Dancil, Ph.D.  
Director, Business Strategy Development  
Hawaiian Electric Company, Inc.

*Chair Lee, Vice Chair Lowen, and Members of the Committee:*

My name is Keiki-Pua Dancil. I am Director of Business Strategy Development at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric and its subsidiary utilities, Maui Electric and Hawaii Electric Light (collectively “Companies”). The Companies are in **strong support of community renewables**<sup>i</sup>. However we have **concerns about the language proposed in SB 1050 SD2**. We have **included edits for consideration** into SB 1050 SD 2 HD 1.

Our vision is to deliver cost-effective, clean, reliable, and innovative energy services to our customers, creating meaningful benefits for Hawaii's economy and environment, and making Hawaii a leader in the nation's energy transformation. To drive our vision for Hawaii, we anchor our strategies in a set of common objectives; lowering customer bills 20 percent by 2030, increasing renewables in our generation portfolio, modernizing our grid, and expanding customer options.

We have the following guiding principles for a fair and sustainable community renewables program:

- **Access:** Expand options to more of our customers, meeting their ever-changing energy needs in a fair and sustainable manner. Community renewables will be one of a suite of products and services that allow us to tailor a package of solutions to address customers' energy needs.
- **Fairness to ALL customers:** Develop community renewables in the most cost effective manner that benefits ALL customers, not just participants in the community renewables program and does not increase the net energy metering (NEM) cost shift.<sup>ii</sup>

#### Access

The Companies support increasing options for ALL customers. A community renewables program is an option that will provide the benefits of renewable energy to those customers (participants) who either choose not to or do not have access to install renewables on their property. As of December 2014, twelve percent of our customers have received the benefits of solar energy through our NEM program, which is only accessible to those with access to on-site generation. A community renewable program would be available to everyone with a utility bill that is not currently in the NEM program.

#### Fairness to ALL customers

The Companies supports a community renewables program that is fair and sustainable to ALL customers, not just participants in the program. The most cost effective renewable energy would be developed in optimal locations to the electric system (interconnection), at scale, and areas with high solar irradiance or wind capacity. Collectively, optimizing size (economies of scale), capacity factor, and interconnection to the electric system ensures ALL customers will get the most benefit from renewables.<sup>iii</sup>



The Companies suggest the following edits for consideration in SB 1050 SD2 HD 1 (see attached bill, explanations below):

- **Page 3 lines 12-21 and Page 4 lines 1-3:** The bill attempts to address the fairness issue brought up in testimonies by the Public Utilities Commission, Consumer Advocate, DBEDT, and the Companies. Unfortunately, the timeline proposed in the bill and the remedies suggested to address the cost shift and cross subsidies are not aligned. The remedies include items such as time of use rates, demand charges, and dynamic rate structures, which are all determined in a rate case. The bill requires the community-based renewable energy tariff to be completed no later than January 1, 2016. We suggest using language from HB 484 HD2. **Suggested language is inserted in bold and removal of language is strikethrough.**
  - (b) In establishing the community-based renewable energy tariff or tariffs, the commission shall **ensure that there shall be no** ~~consider mechanisms to address potential cross-subsidy or shifting of costs and benefits between participants and to non-participants to~~ **fund any part of the community-based renewable energy program.** ~~achieve an appropriate cost and benefit balance for participating and nonparticipating ratepayers. The mechanisms may include but are not limited to:~~
    - (1) ~~Time of use rates;~~
    - (2) ~~Demand charges;~~
    - (3) ~~System efficiency;~~
    - (4) ~~Ancillary services; and~~
    - (5) ~~Other elements of a dynamic rate structure.~~
- **Page 4 lines 4-10:** Proposed language provides clarity that these community-based renewable energy projects are subject to the “community-based renewable energy tariff” approved by the commission. Suggested removal of language because there are established policies addressing interconnection of generating resources (of varying sizes) approved by the PUC (e.g. Rule 14H and others). Persons or entities should be following these policies. **Suggested language is inserted in bold and removal of language is strikethrough.**
  - (bc) Any person or entity may propose, own, or operate a community-based renewable energy project; **pursuant to the “community-based renewable energy tariff”, and any** ~~provided that a project equal to or less than one megawatt in size shall be subject to streamlined and standardized interconnection approval processes established by the commission., and a project greater than one megawatt in size shall be subject to the commission’s individualized review and approval.~~
- **Page 4 lines 15-17:** There are established policies addressing interconnection of generating resources established by the PUC (e.g. Rule 14H and others). Persons or entities should be following these policies. **Suggested strike of language.**
  - (d) ~~The community based renewable energy tariff and related interconnection processes shall, to the extent possible, be standardized.~~
- **Page 5 lines 1-5:** The community-based renewable energy tariff program should benefit ALL customers in a FAIR and equitable manner. Renewable energy from a community-based renewable energy project should be procured in the most cost-effective manner.<sup>iv</sup> **Suggested language is inserted in bold and removal of language is strikethrough.**
  - (1) ~~Allows all the electric utility to procure the most cost-effective renewable energy to benefit all customers~~ **regardless of their participation in the community-based renewable energy tariff program, ensuring fairness to all customers**
  - (2) **Allows electric utility customers not participating in the net energy metering (NEM) program,** irrespective of rate class, to receive ~~compensation~~ **credit** equal to their pro rata share of interest in a ~~portion or portions of an eligible~~ **community-based** renewable energy project that is providing electricity to the electric utility; and
- **Page 5 lines 6-8:** The bill’s language is not clear on the crediting mechanism for the participating customers’ interest in the community—based renewable energy project. **Suggested language is inserted in bold and removal of language is strikethrough.**
  - (3) Allows the electric utility to implement a billing arrangement to ~~compensate~~ **credit** those customers **for participating in the community-based renewable energy tariff program equal to their pro rata**



interest in the community-based renewable energy project for the electricity provided to the electric utility.

- **Page 5 insertion of new language:** SB 1050 contained a definition of wheeling to be amended to HRS 269-1 and language stating that nothing in this section would be construed as wheeling. SB 1050 SD 1 removed both of these sections. For clarity, we suggest a broader definition of wheeling to be inserted as well as language stating that nothing in this section should be construed as wheeling. **Suggested language in bold.**  
**(f) Nothing in this section shall be construed to permit wheeling.**

**SECTION 3. Section 269-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted to read as follows:**

**“Wheeling” means the process of transmitting electric power, which the utility has not produced or purchased, from a seller’s point of generation across a utility owned transmission and distribution system to a wholesale purchaser or the seller’s retail customer; or the simultaneous purchase and sale or exchange of electric power without the physical movement of the electric power over a transmission or distribution system.”**

Thank you for the opportunity to testify.

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<sup>i</sup> <http://www.energy.gov/eere/sunshot/solar-market-pathways>. Hawaiian Electric is a participating utility stakeholder in Solar Electric Power Association’s (SEPA) Department Of Energy’s Sun Shot Initiative grant to explore community solar business models and consumer demographics to develop more standardized program design options.

<sup>ii</sup> As of December 2014, the annualized total fixed cost shift was \$53MM, a \$15MM increase from December 2013.

<sup>iii</sup> <http://www.hawaiianelectric.com/heco/hidden/CorpComm/Hawaiian-Electric-sends-six-more-Oahu-solar-contracts-to-Public-Utilities-Commission-for-approval?cpsextcurrchannel=1> (average price of solar \$0.14/kWh).

<sup>iv</sup> HRS 269-145.5(b)(3) Maximizing interconnection of distributed generation to the State’s electric grids on a cost-effective basis at non-discriminatory terms and just and reasonable rates, while maintaining the reliability of the State’s electric grids, and allowing such access and rates through applicable rules, orders, and tariffs as reviewed and approved by the commission.



THE SENATE  
TWENTY-EIGHTH LEGISLATURE, 2015  
STATE OF HAWAII

---

# A BILL FOR AN ACT

RELATING TO ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that all Hawaii residents  
2   should be able to participate in and enjoy the economic,  
3   environmental, and societal benefits of renewable energy.  
4   Spurred by the Hawaii clean energy initiative and increasingly  
5   affordable clean energy options, such as solar photovoltaic,  
6   localized renewable energy generation technology has become  
7   increasing attainable.

8           While residential solar energy use has grown dramatically  
9   across in recent years, many residents and businesses are  
10   currently unable to directly participate in renewable energy  
11   because of their location, building type, access to the electric  
12   utility grid, or other impediments.

13          The community-based renewable energy program seeks to  
14   rectify this inequity by dramatically expanding the market for  
15   eligible renewable energy resources to include residential and  
16   business renters, occupants of residential and commercial  
17   buildings with shaded or improperly oriented roofs, and other  
18   groups who are unable to access the benefits of onsite clean

# S.B. 1050

## [PROPOSED HD1]

1 energy generation. The legislature finds that it is in the  
2 public interest to promote broader participation in self-  
3 generation by Hawaii residents and businesses through the  
4 development of community renewable energy facilities in which  
5 participants are entitled to generate electricity and receive  
6 credit for that electricity on their utility bills.

7 Community based renewable energy creates new construction  
8 jobs, stimulates the economy, reduces emissions of greenhouse  
9 gases, promotes energy independence, and assists in meeting the  
10 State's clean energy goals. Further, community-based renewable  
11 energy enables residents and businesses to save money on their  
12 electricity bills, thereby providing additional funds for other  
13 purchasing, investment, or other economic activity.

14 While the concept of "wheeling" electricity over utility  
15 infrastructure has been the subject of discussion for years, the  
16 community-based renewable energy program contemplated in this  
17 Act should not be construed as "wheeling" because the tariff or  
18 tariffs established by the public utilities commission will  
19 address the utility costs related to transmission and  
20 distribution infrastructure and grid operations.

# S.B. 1050

## [PROPOSED HD1]

1       The purpose of this Act is to establish the Hawaii  
2       community-based renewable energy program to make the benefits of  
3       renewable energy more accessible to a greater number of Hawaii  
4       residents.

5       SECTION 2.       Chapter 269, Hawaii Revised Statutes, is  
6       amended by adding a new section to be appropriately designated  
7       and to read as follows:

8       **"§269-       Community-based renewable energy tariffs. (a)**

9       Upon application by an electric utility, or upon its own motion,  
10      the commission shall establish a community-based renewable  
11      energy tariff or tariffs. A community-based renewable energy  
12      tariff shall take effect no later than January 1, 2016.

13      (b) In establishing the community-based renewable energy  
14      tariff or tariffs, the commission shall ensure that there shall  
15      be no consider mechanisms to address potential cross-subsidy or  
16      shifting of costs and benefits between participants and to non-  
17      participants to fund any part of the community-based renewable  
18      energy program. achieve an appropriate cost and benefit balance  
19      for participating and nonparticipating ratepayers. The  
20      mechanisms may include but are not limited to:

21      —— (1) Time of use rates;

S.B. 1050  
[PROPOSED HD1]

~~(2) Demand charges~~

~~(3) System efficiency;~~

~~(4) Ancillary services; and~~

~~(5) Other elements of a dynamic rate structure.~~

~~(cb)~~ Any person or entity may propose, own, or operate a community-based renewable energy project; pursuant to the "community-based renewable energy tariff", and any provided that a project equal to or less than one megawatt in size shall be subject to streamlined and standardized interconnection approval processes established by the commission, and a project greater than one megawatt in size shall be subject to the commission's individualized review and approval..

(c) An electric utility may develop and implement its own community-based renewable energy project or projects; provided that the projects shall be subject to the commission's review and approval.

~~(d) The community-based renewable energy tariff and related interconnection processes shall, to the extent possible, be standardized.~~

(e) For purposes of this section:

# S.B. 1050

## [PROPOSED HD1]

1       "Community-based renewable energy tariff" means a tariff  
2       approved by the commission that:

3       (1) Allows ~~all-the~~ electric utility to procure the most  
4       cost-effective renewable energy to benefit all  
5       customers, regardless of their participation in the  
6       community-based renewable energy tariff program,  
7       ensuring fairness to all customers.

8       (2) Allows electric utility customers not participating in  
9       the net energy metering (NEM) program, irrespective of  
10       rate class, to receive ~~compensation credit~~ equal to  
11       their pro rata share of interest in a ~~portion or~~  
12       ~~portions of an eligible~~community-based renewable  
13       energy project that is providing electricity to the  
14       electric utility; and

15       (32) Allows the electric utility to implement a billing  
16       arrangement to ~~compensate credit~~ those customers for  
17       participating in the community-based renewable energy  
18       tariff program equal to their pro rata interest in the  
19       community-based renewable energy project for the  
20       electricity provided to the electric utility.

# S.B. 1050

## [PROPOSED HD1]

1     (f) Nothing in this section shall be construed to permit  
2     wheeling.

3     SECTION 3. Section 269-1, Hawaii Revised Statutes, is  
4     amended by adding a new definition to be appropriately  
5     inserted to read as follows:

6     "Wheeling" means the process of transmitting electric  
7     power, which the utility has not produced or  
8     purchased, from a seller's point of generation across  
9     a utility owned transmission and distribution system  
10    to a wholesale purchaser or the seller's retail  
11    customer; or the simultaneous purchase and sale or  
12    exchange of electric power without the physical  
13    movement of the electric power over a transmission or  
14    distribution system."

15    SECTION 43. New statutory material is underscored.

16    SECTION 54. This Act shall take effect on July 1, 2053.



Testimony Before the House Committee on  
Energy & Environmental Protection

By Michael Yamane, P.E.  
Chief of Operations  
Kauai Island Utility Cooperative  
4463 Pahee Street, Suite 1, Lihue, Hawaii, 96766-2000

Tuesday, March 17, 2015, 8:30 a.m.  
Conference Room #325

**Senate Bill No. 1050 SD2 – Relating to Energy**

To the Honorable Chris Lee, Chair; Nicole E. Lowen, Vice-Chair, and Members of the Committee:

Thank you for the opportunity to testify on this measure. I am Michael Yamane, Chief of Operations at Kauai Island Utility Cooperative ("KIUC").

KIUC would like to offer comments on SB 1050, SD2 which proposes a community based solar tariff.

By May of this year, KIUC will have more than 30 megawatts of utility-scale solar PV online, which will provide more than 50% of the electricity needed to meet Kauai's daytime demand. This will result in a lower cost of generation which benefits all of Kauai's residents.

KIUC is actively investigating a Time of Use (TOU) pilot that will allow our members to voluntarily participate in a program that encourages them to shift their energy consumption to the daytime hours, when they will be billed at a reduced rate. This gives consumers an incentive to use cheaper, cleaner solar energy during the day and helps ensure that there is sufficient demand for KIUC's abundant solar resources.

Two focus groups recently conducted for KIUC found strong support for the concept of TOU rates, with participants approving the plan not only because it would save their households money but because they understood the greater community benefit of shifting power consumption from night to day.

KIUC believes that the PUC already has the ability to establish a community base tariff and no legislative action is required. However should the legislature proceed with this measure we ask that the PUC should have the flexibility as to the timing and the details of the establishment of

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KIUC is an equal opportunity provider and employer.

this tariff. To impose a deadline and prescriptive details could have unintended consequences on KIUC's efforts.

Thank you for your consideration.





Dec

**Directors**

Jody Allione  
Project Development  
Consultant

Joe Boivin  
Hawaii Gas

Kelly King  
Pacific Biodiesel

Warren S. Bollmeier II  
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE  
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE  
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENT  
SB 1050 SD2, RELATING TO ENERGY

March 16, 2015

Chair Lee, Vice-Chair Lowen and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of SB 1050 SD2 is to establish the community-based renewable energy program, which allows the public utilities commission to establish a tariff that allows all electric utility customers to obtain an interest in a portion of an eligible renewable energy project that is providing electricity to the electric utility and receive compensation for the energy provided to the electric utility.

HREA **supports** this measure with the following comments and recommendations, including two proposed amendments as discussed below.

- 1) Clean Energy Goals. In our opinion, we need to facilitate the installation and operation of community-based renewable systems to the greatest extent possible if we are to meet our clean energy goals. Such systems will provide an option to customers who have not able to install renewable systems due to lack space on or adequate renewable resources at their property.
- 2) Discussion. We offer the following comments and recommendations:
  - a) Business Models: There appear to be a number of potential business models for Community Renewable Energy Projects, depending on who chooses to develop specific projects. Given that, a consumer might choose to purchase a number of panels to off-set a portion of or all of his site load, and receive a credit on his electric bill from the utility. Another consumer might be interested in becoming an "owner" of a project, in which case, his compensation might be taxable.
  - b) Description of this measure. Given the above, perhaps the phrase "obtain an interest in a portion of" with "*participate*".
  - c) Size of eligible projects. We see no reason at this time to limit the size of projects, and suggest that discretion be given to the PUC to determine appropriate interconnection standards and approval steps, as part of development of a program tariff. That said, we recommend deleting current language on p.4, l.5-10 starting with word "provided" (p.4, l.5), and replace with the words "*subject to the review and approval of the commission.*"

Mahalo for this opportunity to testify.

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I strongly support House Bill 484 to establish a community renewables program for Hawaii that is open to all participants.

About 40% of Hawaii residents are currently unable to benefit from solar power because they live in condos or apartment buildings, they are renters, their home doesn't get enough sun exposure, or their home is on a saturated circuit. Community solar allows these residents to invest in off-site solar generation that can turn into direct reductions on their electricity bills.

Besides cost savings, this program would also create new construction jobs, stimulate the economy, reduce carbon pollution, and help end Hawaii's dependence on fossil fuels.

I believe everyone has the right to benefit from renewable energy. Please vote in favor of HB 484 in its current form to enable community solar for all.

Brit Reis, MD  
Reis Pediatrics  
30 Aulike Street, Suite 500  
Kailua, HI 96734

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I strongly support Community Solar (HB 484, SB 1050). Like 97% of people in Hawaii, I favor more solar power. With each new solar panel, Hawaii gets cleaner and cheaper energy. But not everyone can put panels on their own roof. We need the legislature to make Community Solar a priority, so that everyone has access to more solar power. Please pass this bill. Power should be on the community's terms—not the utility's.

Sincerely,

--

Ross M Kutsunai  
Alternate Energy Inc.  
808-478-5631



**Testimony prepared by Clean Energy Collective for the House Committee & Environmental Protection hearing on Tuesday, March 17<sup>th</sup>, 2015**

SB1050 SD2 is an important piece of legislation for Hawaii and its residents. The legislation would open up access to renewable energy for all residents, allowing the potential for everyone to enjoy the economic and environmental benefits of clean energy. Clean Energy Collective (CEC) appreciates the opportunity to provide written testimony to the House Committee on Energy & Environmental Protection today regarding SB1050 SD2.

Clean Energy Collective (CEC) is the nation's leading developer of community shared solar solutions, and can directly testify to the importance of strong, well-designed community renewable energy legislation. Community-based renewable energy projects allow anyone, regardless of whether or not they can put solar panels on their roof, to own and control their own renewable energy generation. By doing so, each individual is allowed to choose their own energy future, supplying their energy needs from local generation that they control. We have over 50 projects built or under development in 8 states and can testify directly to the positive impacts they have in their community.

In general, we are very supportive of SB1050 SD2 and thank the sponsors for their efforts. We urge you to pass the bill and allow all Hawaiians the chance to access their own clean energy. However, in the spirit of constructive input, CEC recommends that you consider the following changes or clarifications:

- 1) **Add language to require a percentage of small subscribers for each community-based renewable energy facility, to ensure that small customers are included.** One of the appealing qualities of community-based renewable systems is that they allow all citizens the ability to own and benefit from renewable energy. And while it is important for all customers to be able to participate, CEC has found that the best balance comes when community-based renewable facilities have subscribers from all sectors and sizes, and detailed language in the legislation is needed to ensure this delicate balance. Without this, large customers may crowd out individuals and small businesses. CEC recommends adding language similar to what is found in Massachusetts' Renewable Energy Portfolio Standard Class I 225CMR14 – requiring each community-based renewable facility to have no more than two customers consuming over 25 kW of capacity, with those two customers making up no more than 50% of overall project capacity.
- 2) **CEC recommends that the Hawaii PUC refer to successful community renewable energy programs when implementing SB1050 SD2.** Many of the details of the community-based renewable energy programs enabled by SB1050 SD2 are left up to implementation by the PUC. CEC is supportive of this approach, as the PUC has the expertise and knowledge needed to handle such program details. In doing so, we suggest that the PUC use examples of successful community renewable energy program



implementations. This will allow faster implementation and greater chance of success in Hawaii. Some examples are Colorado's Community Solar Gardens program and Massachusetts' Community Shared Solar program. Examples of important details to consider include: contract length between consumers and the facility owner, minimum number of subscribers per project, and interconnection standards and policies for allowing interconnection of a facility before 100% subscription.

- 3) **Remove the 1 MW limit for standard interconnection process in Sec 2 (b).** Instead, CEC recommends simply setting the maximum project size at 5 MW with all projects subject to the interconnection processes approved by the commission. As written, the current legislation adds an unnecessary extra step in the approval process for projects larger than 1 MW, which will slow down deployment of community-based renewables and potentially even prevent the development of projects up to 5 MW in size, hindering the ability for customers to get higher economic benefits out of the program.
- 4) **Implement the program with reasonable expediency,** given the demand for renewables in Hawaii and the proven success of these programs nationwide.

CEC appreciates the opportunity to provide feedback and looks forward to staying engaged in this process as the Legislature moves forward with this important piece of legislation. By developing a program for community-based renewables, Hawaii will see an increase in renewable energy deployment across the state, while creating a means for all citizens to control and receive the benefits of clean energy generation.

Sincerely,

A handwritten signature in black ink, appearing to read "TH", with a stylized flourish extending to the right.

Tom Hunt  
VP of Corporate Development  
Clean Energy Collective

lowen2-Thomas

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From: mailinglist@capitol.hawaii.gov  
Sent: Friday, March 13, 2015 4:50 PM  
To: EEPtestimony  
Cc: ndavlantes@aol.com  
Subject: \*Submitted testimony for SB1050 on Mar 17, 2015 08:30AM\*

**SB1050**

Submitted on: 3/13/2015

Testimony for EEP on Mar 17, 2015 08:30AM in Conference Room 325

| Submitted By    | Organization | Testifier Position | Present at Hearing |
|-----------------|--------------|--------------------|--------------------|
| Nancy Davlantes | Individual   | Support            | No                 |

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

lowen2-Thomas

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From: mailinglist@capitol.hawaii.gov  
Sent: Sunday, March 15, 2015 1:42 PM  
To: EEPtestimony  
Cc: amybrinker@mac.com  
Subject: \*Submitted testimony for SB1050 on Mar 17, 2015 08:30AM\*

**SB1050**

Submitted on: 3/15/2015

Testimony for EEP on Mar 17, 2015 08:30AM in Conference Room 325

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Amy Brinker  | Individual   | Support            | No                 |

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

As a condo dweller, I would hope that future legislation advances condo access to solar panels that help reduce the individual electric bills of resident and slow global warming.

Joan Larcom



**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I strongly support Community Solar (HB 484, SB 1050). Like 97% of people of Hawaii, I favor more solar power. With each new solar panel, Hawaii gets cleaner and cheaper energy. But not everyone can put panels on their roof top. We need the legislature to make Community Solar a priority, so that everyone has access to more solar power. PLEASE PASS THIS BILL. Power should be on the community's terms--not the utility's.

Sincerely,

Janet Mac Neal, Hilo, HI (born in Honolulu)

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Sincerely,

Ari Matsumura

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

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Sincerely,  
Clare Loprinzi

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

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Sincerely,  
Craig Kawamura

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

My name is David Thompson and I strongly support opening up the grids in Hawaii.

It has already been proven our grids can handle more PV.

I strongly oppose the sale of HEI to NextEra.

I also strongly oppose HECO changing the current Net Metering system.

How are they allowed to dangle this carrot about allowing more PV if Net Metering ends?

Please submit testimony on my behalf for all bills pertaining to these subjects.

Sincerely,

David Thompson

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I am writing this in support of promoting renewable energy in our State. We are a family that strives to create a clean, sustainable environment and hope to become energy independent in the near future. We support the Community Solar House Bill 484 and the Update of our Renewable Portfolio Standards to 70 % By 2035 and 100% by 2040 House Bill 623. As the parent of 2 teenagers, I am deeply concerned with both the nature of power supply and environmental impact of energy resources on our planet. As a family, we drive EV and are in the process of obtaining approval for PV for our home. We are among the fortunate homeowners that have a rooftop with room for solar panels. However, residents that don't have that privilege should still be able to access the suns magnificent power. Our state is unique in its ability to offer the resource of energy that causes no known harm to body or environment. Let us take action to make it available to everyone.

Sincerely,

Elizabeth Kawanakoa

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I strongly support House Bill 484 to establish a community renewables program for Hawaii that is open to all participants. This measure brings fairness and equity to access to renewable energy.

About 40% of Hawaii residents are currently unable to benefit from solar power because they live in condos or apartment buildings, they are renters, their home doesn't get enough sun exposure, or their home is on a saturated circuit. Community solar allows these residents to invest in off-site solar generation that can turn into direct reductions on their electricity bills.

Besides cost savings, this program would also create new construction jobs, stimulate the economy, reduce carbon pollution, and help end Hawaii's dependence on fossil fuels.

I believe everyone has the right to benefit from renewable energy. Please vote in favor of HB 484 in its current form to enable community solar for all.

Henry Chang

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I want legislators to hear from me so they understand that there is widespread support for community solar to help residents and businesses who are unable to put panels on their own roofs.

I strongly support House Bill 484 to establish a community renewables program for Hawaii that is open to all participants. This measure brings fairness and equity to access to renewable energy.

About 40% of Hawaii residents are currently unable to benefit from solar power because they live in condos or apartment buildings, they are renters, their home doesn't get enough sun exposure, or their home is on a saturated circuit. Community solar allows these residents to invest in off-site solar generation that can turn into direct reductions on their electricity bills.

Besides cost savings, this program would also create new construction jobs, stimulate the economy, reduce carbon pollution, and help end Hawaii's dependence on fossil fuels.

I believe everyone has the right to benefit from renewable energy. Please vote in favor of HB 484 in its current form to enable community solar for all.

Thank you  
Jeff Barone~



**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I strongly support Community Solar (HB 484, SB 1050). Like 97% of people in Hawaii, I favor more solar power. With each new solar panel, Hawaii gets cleaner and cheaper energy. But not everyone can put panels on their own roof. We need the legislature to make Community Solar a priority, so that everyone has access to more solar power. Please pass this bill. Power should be on the community's terms—not the utility's.

Sincerely,  
Jeff Lum

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

As a citizen of Hawai'i and also a member of the Blue Planet Board, I strongly support Community Solar (HB 484, SB 1050). Like 97% of people in Hawaii, I favor more solar power. With each new solar panel, Hawaii gets cleaner and cheaper energy. But not everyone can put panels on their own roof – in our home, we have no more room for panels. We need the legislature to make Community Solar a priority, so that everyone has access to more solar power. Please pass this bill. Power should be on the community's terms—not the utility's.

Mahalo – Virginia S. Hinshaw

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Best regards,

Miles Yoshimoto  
Project Developer

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Sincerely,  
Reggie Salvador

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Sincerely,  
Rene' Julian

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Sincerely,  
Roy Skaggs

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Tatyana E. Cerullo

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

I strongly support HB484. With each new solar panel, Hawaii gets cleaner and cheaper energy, but not everyone can put panels on their own roof. Please make community solar a priority so that everyone has access to solar power. Please pass this bill.

Lois Crozer

Kailua



**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Sincerely,

A handwritten signature in black ink, appearing to read 'MATTSON C. DAVIS', with a stylized flourish at the end.

Mattson C. Davis

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

My husband and I strongly support Senate Bill 1050 to establish a community renewables program for Hawaii that is open to all participants. This measure brings fairness and equity to access to renewable energy.

We have invested in solar panels on our home roof and are enjoying running our home on them AND driving our 2011 Nissan Leaf on sunshine for, usually, a monthly electric bill of \$18. We realize that we are privileged.

About 40% of Hawaii residents are currently unable to benefit from solar power because they live in condos or apartment buildings, they are renters, their home doesn't get enough sun exposure, or their home is on a saturated circuit. Community solar allows these residents to invest in off-site solar generation that can turn into direct reductions on their electricity bills.

Besides cost savings, this program would also create new construction jobs, stimulate the economy, reduce carbon pollution, and help end Hawaii's dependence on fossil fuels.

We believe everyone has the right to benefit from renewable energy. Please vote in favor of SB 1050 in its current form to enable community solar for all.

Mele Stokesberry

Charles M. Carletta

51 Mano Drive, Kula, (Maui) HI 96790

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

"I strongly support HB 484. With each new solar panel, Hawaii gets cleaner and cheaper energy, but not everyone can put panels on their own roof. Please make community solar a priority so that everyone has access to solar power. Please pass this bill.

Laura Gray

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

**TESTIMONY IN STRONG SUPPORT OF SB 1050 SD2**

Aloha Chair Lee, Vice Chair Lowen and Members of the Committee:

Aloha. I installed PV panels 10 years ago (when it cost more) because I am truly afraid of climate change. Unfortunately, I don't produce enough to cover our use, and could never power an electric car. My neighbors old, tall coconut trees limit the amount of sun I have access to. The house is an illegal vacation rental and they are not open to cutting the trees. So, I want personal access to Community Solar to add to what I can produce at home. Please give me that opportunity.

Thank you, Lisa Marten

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

March 17, 2015, 8:30 A.M.

Room 325

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Besides cost savings, this program would also create new construction jobs, stimulate the economy, reduce carbon pollution, and help end Hawaii's dependence on fossil fuels.

I believe everyone has the right to benefit from renewable energy. Please vote in favor of SB 1050 in its current form to enable community solar for all.

Jennie L Sine

Thanks!

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 16, 2015 5:23 PM  
To: EEPtestimony  
Cc: venice2kailua@hawaii.rr.com  
Subject: Submitted testimony for SB1050 on Mar 17, 2015 08:30AM

**LATE**

**SB1050**

Submitted on: 3/16/2015

Testimony for EEP on Mar 17, 2015 08:30AM in Conference Room 325

| Submitted By  | Organization | Testifier Position | Present at Hearing |
|---------------|--------------|--------------------|--------------------|
| Donna Ambrose | Individual   | Support            | No                 |

Comments: support Community Solar as a means of sharing the benefits of this important means of renewable energy. HB 484 and SB 1050 bring fairness and equity by allowing residents to invest in off-site solar generation that can turn into direct reductions on their electricity bills. An added bonus is new construction jobs.

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Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)